

Assessment

Theme 6: Understanding the IRS
Lesson 1: The IRS Yesterday and Today

Part 1

Fill in the blanks with words or phrases from the list below.

internal taxes
Internal Revenue Service (IRS)
personal income tax
income taxes
revenue

1. Our government collects money or _____ from taxes and tariffs.
2. _____ can be levied on both individuals and businesses.
3. _____ is based on the amount of taxable income that a person receives annually.
4. Americans were wary of _____ after the Revolutionary War.
5. The federal agency that collects income taxes in the United States is called the _____.

Part 2

Indicate whether each of the following statements is true or false by writing True or False on the lines below.

1. Earned income includes commissions, salaries and wages, and tips. _____
2. Individuals, not businesses and corporations, pay income taxes. _____
3. The agency that collects our taxes today is the Bureau of Internal Revenue. _____
4. Congress passed the first income tax during the Civil War. _____
5. The first Secretary of the Treasury was Alexander Hamilton. _____

Part 3

Write the letter of the best answer for each item that follows.

- _____ 1. Who has the power to levy taxes?
 - A. the President
 - B. Congress
 - C. the Supreme Court
 - D. the Internal Revenue Service

- _____ 2. Until the Civil War, the federal government's chief sources of revenue were:
 - A. business and corporate taxes.
 - B. personal income taxes.
 - C. tariffs, or customs duties.
 - D. inheritance taxes.

- _____ 3. A permanent income tax was made possible by
 - A. the Sixteenth Amendment to the Constitution.
 - B. Alexander Hamilton.
 - C. the Declaration of Independence.
 - D. the American Civil War.

- _____ 4. "No taxation without representation," was a slogan of the
 - A. American Civil War.
 - B. Second World War.
 - C. American Revolution.
 - D. Vietnam War.

- _____ 5. Unearned income includes
 - A. commissions.
 - B. tips.
 - C. salaries and wages.
 - D. interest and dividends.